GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:25
ANSWERED ON:17.10.2008
RECOVERY OF LOAN BY DENA BANK
Adsul Shri Anandrao Vithoba;Gaikwad Shri Eknath Mahadeo;Gudhe Shri Anantrao;Jadhao Shri Prakash B.;Narhire Smt. Kalpana Ramesh

Will the Minister of FINANCE be pleased to state:

(a) whether the Dena Bank has issued caution notices for recovery of loan in Maharashtra during the current financial year;

(b) if so,the details thereof and amount of loan recovered thereby;

(c) whether any of such notice has since been withdrawn by Dena Bank;

(d) if so,the reasons therefor;

(e) whether withdrawn `caution notices` of the bank relate to Scheduled Caste entrepreneurs too;

(f) if so,the details thereof;

(g) whether the Government has fixed any responsibility in the matter;

(h) if not,the reasons therefor;and

(i) the action taken by the Reserve Bank of India in this regard?

Answer

The Minister of State in the Ministry of Finance(Shri Pawan Kumar Bansal)

(a) & (b): Dena Bank has not issued any Caution Notice to borrowers for recovery of loans.For recovery of loans, the Bank issues demand / recall notices and notices under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARF AESI) Act to defaulted borrowers.The Caution Notices are generally issued by the banks by way of confidential letters to Bankers alerting them about the high value defaulted accounts to avoid multiple financing to defaulted borrowers,to safeguard the security interest and to prevent dilution of securities charged to banks.Further,such exchange of information amongst Bankers is made in Standard Accounts also.This being a confidential exchange of information amongst Bankers as per general banking practice,this does not affect the social standing of the Borrowers.

(c) & (d): In one high value defaulted Corporate borrowal account based in Pune with total exposure of around Rs. 160 crare from the banks under consortium arrangement,it was decided to issue Caution Notice to Bankers in Pune to avoid double financing, prevent dilution of security and to safeguard the security interest of all the lending banks.However, the Caution Notice was, subsequently,withdrawn by the Bank at the specific request of one of the Directors of the defaulted company,who represented that the issue of Caution Notice had affected the operations of the other companies where he is a Director and more than 450 families are directly dependent on these companies.

(e) & (f): The concerned high value corporate borrower is registered under the Companies Act, 1956.One of the directors of the company represented that he belongs to a Scheduled Caste.

(g) to (i): The decision to issue Caution Notice or other notices for recovery of their dues is taken by banks in accordance with their recovery policies and is guided by their usual commercial judgement.